the Freeman

Ideas on Liberty

DECEMBER 1973

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A MONTHLY JOURNAL OF IDEAS ON LIBERTY

IRVINGTON-ON-HUDSON, N. Y. 10533 TEL.: (914) 591-7230

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THE FREEMAN is published monthly by the Foundation for Economic Education, Inc., a nonpolitical, nonprofit, educational champion of private property, the free market, the profit and loss system, and limited government.

Any interested person may receive its publications for the asking. The costs of Foundation projects and services, including THE FREEMAN, are met through voluntary donations. Total expenses average $12.00 a year per person on the mailing list. Donations are invited in any amount—$5.00 to $10,000—as the means of maintaining and extending the Foundation's work.

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THE FREEMAN is available on microfilm from Xerox University Microfilms, Ann Arbor, Michigan 48106.

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Two Experiences

HERBERT V. PROCHNOW

ON THE TOP of a great hill, the Acropolis, in the center of Athens, there stand the proud columns of the ruins of the Parthenon, one of the most magnificent and inspiring architectural works man has ever created. Late one afternoon, Mrs. Prochnow and I were climbing those long stone and gravel steps that lead up to the Parthenon, in order to see the golden rays of the setting sun fall on those majestic ruins.

A large unit of the American fleet was in Greek and Turkish waters. Two American marines on shore leave were walking with us, and as we climbed the stairs one marine said to the other, "I suppose the day will come when others will walk up the stone steps to the ruins of the White House, and they will say as they look at the ruins, 'This was a great civilization before it fell.' "

On another occasion, we went by automobile the short distance from Beirut to the little city of Byblos. This city is one of the oldest in the world. There the ruins of many early civilizations are now exposed by the excavations of the archeologists. One can stand and look down through seven thousand years of history. One civilization was built on top of the ruins of the last. The floor of a home of one civilization may be seen only a foot above the floor of a home in a preceding civilization. There one sees the Stone Age, the civilizations of the Egyptians, Phoenicians, Babylonians, Assyrians, Greeks, Arabs, Romans, Crusaders and Turks. One after another, through seven thousand years,

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great empires and great nations rose and then fell from power. It is a sobering thought.

Through the centuries great empires have risen and fallen -- Spain and Portugal in the Western Hemisphere; the Netherlands in the Far East; France in Indo-China. In this generation we have witnessed the decline in power of the British empire, upon which it was said, with understandable pride, that the sun had never set.

Now another power -- the United States -- is striding majestically across the horizon of world affairs. Its armies, its planes, its ships, its money, its merchandise, and its industrial genius are moving to the remote parts of the world. In a world where two-thirds of the people earn less than one hundred dollars a year we are far richer than any nation in history has ever been. The call of economic comfort is loud. Leisure becomes more attractive than labor. Spending becomes more alluring than saving. Lest we forget: every great nation which has risen to power has declined. Confronted with the challenge today of major world problems, we must remain strong, and we must hold fast in our minds and hearts to those great ideals and eternal values upon which our freedom and even survival may ultimately rest.

IDEAS ON LIBERTY

The Crisis of Social Security

IT HAS BEEN WELL SAID that, while we used to suffer from social evils, we now suffer from the remedies for them. The difference is that, while in former times the social evils were gradually disappearing with the growth of wealth, the remedies we have introduced are beginning to threaten the continuance of that growth of wealth on which all future improvement depends. . . . Though we may have speeded up a little the conquest of want, disease, ignorance, squalor, and idleness, we may in the future do worse even in that struggle when the chief dangers will come from inflation, paralyzing taxation, coercive labor unions, an ever increasing dominance of government in education, and a social service bureaucracy with far-reaching arbitrary powers -- dangers from which the individual cannot escape by his own efforts and which the momentum of the overextended machinery of government is likely to increase rather than mitigate.

F. A. HAYEK, *The Constitution of Liberty*

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Mr. Mencken on Liberty

GEORGE H. DOUGLAS

IN 1925, Henry L. Mencken wrote to his English friend and biographer, Ernest Boyd, "So far as I can make out, I believe in only one thing: liberty." To be sure, Mencken believed in a number of other things as well – all quite fervently – but there can be little doubt that his ideas on liberty are among his best and most interesting contributions to American literature. For the most part, too, they are as pertinent and penetrating as they were during Mencken's heyday of the 1920s.

This does not mean to suggest that Mencken has been influential as a writer on liberty. Indeed, American intellectuals tend to reject Mencken's ideas entirely because of their decidedly Tory coloring, and insist that he is valuable today simply as a humorist, a wit, a satirist of the American life of his own time. And, to be sure, he was a brilliant stylist who could pin down the kinks and oddities of American social life with an almost deadly precision. But the brilliance of Mencken is due in no small measure to the brilliance of his ideas, and if he is one of our best essayists – perhaps even, as Robert Frost insisted, our very best – it is because his ideas continue to have weight and significance.

Mencken began his national career as a literary critic, and his

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contributions to *The Smart Set*, of which he was co-editor with George Jean Nathan between 1914 and 1923, fail to reveal more than the general drift of his political ideas. But during this same period Mencken came to see that his true vocation was as a social and political critic, and in 1924 he established *The American Mercury* with that vocation in the forefront of his mind. Mencken had come to believe that the clue to the social ills in American life was to be found in the political domain, and he became convinced that Americans had turned their backs on their country's founding principles and abandoned the early American love of liberty.

A Republic

America, Mencken often pointed out, was established as a Republic, not a Democracy. The purpose of the American Revolution, as opposed to the French Revolution of a few years later, was to establish civil liberty, not rule by the masses. The founding fathers, the drafters of the Constitution, were in no wise convinced that the people in the aggregate were suited to rule, and they built into our system of government what they hoped were safeguards against the tyranny of the majority. The tyranny of the majority, after all, could be just as bad as any other kind of tyranny. In any case, it was an important part of Mencken's thinking that we must not confuse the theory and nature of democracy with the theory and nature of liberty – a very common mental abberation in our history. Democracy is a theory about sovereignty, that is, a theory about who ought to rule. Its first principle is that all men are equal. Its second principle is that the power to rule belongs to a majority of the equal and undifferentiated human units. Democracy thus is a theory which asserts that the *demos* ought to rule. Therefore it is contrasted with autocracy, theocracy, aristocracy and other theories of *who ought to rule.*

The first principle of liberty, on the other hand, is that there is no one who, of right, ought to rule. The theory of liberty is not a theory of sovereignty at all. The early Americans were anxious to resist sovereignty, to resist authority, and they were no more anxious to submit to the rule of their neighbors than they were to the rule of the English king and his appointed officials.

In Mencken's thinking, America got off to a very strong start among the nations of the world because its revolution was unlike any of the other revolutions known to the modern world. Its main intention was to secure independ-

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ence and self-reliance. None of the other so-called revolutions had that as their end. Most of the others, when subjected to careful scrutiny, are seen to be cast in the mold of the French Revolution. They are what Mencken calls revolts of the mob. And revolts of the mob are not struggles for liberty but struggles for ham and cabbage. When the mob revolts it is simply because it wants to grab more of something for itself. "When it wins, its first act is to destroy every form of freedom that is not wholly directed to that end. And its second is to butcher all professional libertarians. If Thomas Jefferson had been living in Paris in 1793 he would have made an even narrower escape from the guillotine than Thomas Paine made."[1]

A Unique Revolution

The American revolution was not a revolution of the mob, said Mencken, and the philosophical ideals of liberty that stood behind it bear little relationship to the political ideals which were to develop in America in the next two centuries. It is true that for long after the revolution the people continued to mouth phrases which seem to suggest a continuing belief in liberty. But the present-day American esteems what Mencken calls "false forms of liberty, for example, the right to choose between two mountebanks." In short, he has erroneously come to believe that liberty is somehow bound up with the magic of the franchise, with the right of the public to vote and choose among candidates in a popularity contest. The American democrat of more recent vintage is fretfully anxious to go about the act of choosing his statesman, to identify a hero from amongst the crowd, and then turn the running of the government over to him. The early republicans wanted government of the people, which means not what it means today, freedom to pull a lever, but rather a form of government where people bear the responsibility of government.

The trouble is that the responsibility of government is harsh and demanding, and the people want to be relieved of it. Liberty requires two qualities which the masses simply don't possess: it requires courage, that is, the willingness to fight for one's rights, and it requires endurance. The man who loves liberty must be able to bear it. Unfortunately, the pursuit of liberty is difficult, strenuous, and mostly the people have no stomach for it.

Liberty means self-reliance, it means resolution, it means enterprise, it means the capacity for doing

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without. The free man is one who has won a small and precarious territory from the great mob of his inferiors, and is prepared and ready to defend it and make it support him. All around him are enemies, and where he stands there is no friend. He can hope for little help from men of his own kind, for they have battles of their own to fight. He has made himself a sort of God in his little world, and he must face the responsibilities of a god, and the dreadful loneliness.[2]

Liberty Requires Effort

Liberty, as Nietzsche used to remark, is too cold to be borne. It is hard, it requires effort – effort that the average man wants to shun. In the modern life there are few willing to endure the burdens of liberty. These burdens "make him uncomfortable, they alarm him; they fill him with a great loneliness. There is no high adventurousness in him, but only fear. He not only doesn't long for liberty; he is quite unable to stand it. What he longs for is something wholly different, to wit, security. He needs protection. He is afraid of getting hurt."[3]

What we look for nowadays from the government is comfort, security – things which under a system of liberty are not given but won. Accordingly, from the days of the early republic, when the government was considered at best to be a necessary evil, we have expanded the role of government in our life to grotesque proportions, and we tend to look on it as the great provider, not only in the material sense, but in most spiritual ways as well – we look to the government to provide moral guidance, we look to it as an agency of reform, we look to it for firm resolution of all the problems and sorrows of the world. It was always something of a mystery and a puzzle to Mencken to discover how Americans, who, from the earliest times, and even throughout most of the nineteenth century, were suspicious of the authority of government, came to swallow with great docility the role of a big and powerful central government of proportions that would have seemed nightmarish, and even insane, to a Washington or a Jefferson.

Part of the answer to this mystery is that a good many notions about government that persist are part of the heritage of thousands of years of absolutism, going back to ancient times where political leaders managed to convince the hordes that the state was an extension of the Godhead. Statecraft ever since has attempted to foist on the people a concept from those "black days of absolutism" that should have been tossed overboard with the notion of the divine right of kings, a concept, to wit,

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that government is something that is superior to and quite distinct from all other human institutions – that is, in its essence not a mere organization of ordinary men, like the Ku Klux Klan, the United States Steel Corporation or Columbia University, but a transcendental organism composed of aloof and impersonal powers, devoid wholly of self-interest and not to be measured by merely human standards. . . . This concept, I need not argue, is full of error. The government at Washington is no more impersonal than the cloak and suit business is impersonal. It is operated by precisely the same sort of men, and to almost the same ends. When we say that it has decided to do this or that, that it proposes or aspires to do this or that – usually to the great cost and inconvenience of nine-tenths of us – we simply say that a definite man or group of men has decided to do it, or proposes or aspires to do it; and when we examine this group of men realistically we almost invariably find that it is composed of individuals who are not only not superior to the general, but plainly and depressingly inferior, both in common sense and common decency – that the act of government we are called upon to ratify and submit to is, in its essence, no more than an act of self-interest by men who, if no mythical authority stood behind them, would have a hard time of it surviving in the struggle for existence.[4]

Needless to say, the founding fathers were under no illusions that governments were something other than governments of fallible and occasionally corrupt human beings, and they did their best to save the country from the unseemly proliferation of governmental power. But still it is not easy to understand how it was that the very people who only two centuries ago were determined to fight for liberty grew to one of the most overgoverned and overregulated peoples in the history of the world. (Mencken found Americans to be the most regimented people in the world except the Chinese.) In way of historical background, Mencken pointed out that not only in the early days, but throughout nearly all of the nineteenth century, most Americans resisted this development, and were aware, as twentieth century man is not, that government is invariably a government of men – men looking for something.

In fact, as the nineteenth century progressed, the American politician had not yet found the way to implant the delusion that the government was other than a concatenation of human wants and an exploitation of some individuals by others. Mencken noted that for fifty years after the inauguration of the spoils system under Jackson (the spoils system, ironically, was supposed to be itself a reform) the people generally held

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office seekers and office holders in very low esteem. "The job holder, once theoretically a freeman discharging a lofty and necessary duty, was seen clearly to be no more than a rat devouring the communal corn." In the late nineteenth century the widely held view of the government and of politicians was not very far removed from those gloomy prophesies of Henry Adams which predicted that the United States would boil away in corruption. When an English speaker addressed the students at a fashionable women's college during the 1870s and suggested that all of the ladies gathered there must be from the best of homes – the offspring of congressmen, and such like – he was greeted with peals of laughter. The public had few illusions about congressmen in the 1870s, and even fewer about job holders.

Political Corruption and Civil Service Reform

Naturally, such a situation couldn't be long tolerated, and the way out of this particular kind of governmental disrepute was through Civil Service Reform. The civil servant was whitewashed in the last decades of the nineteenth century and the public's distrust of him subsided. The only difficulty was that while Civil Service Reform was able to placate the public it was a sorry downfall for the politician. The job holder became a mere slave, a bookkeeper. "His pay and emoluments were cut down and his labors were increased. Once the proudest and most envied citizen of the Republic, free to oppress all other citizens to the limit of their endurance, he became at one stroke a serf groaning in a pen, with a pistol pointed at his head."[5]

Of course this dismal situation couldn't be endured for long either, "else politics would have tumbled into chaos and government would have lost its basic character; nay, its very life." The public servant could no more remain a plodding bookkeeper or clerk than he could a leech or peculator. If politicians are not believed in, if the work has no stature or dignity, then it obviously can't continue to exist; no one will be drawn to governmental work.

The light and deliverance came in the twentieth century. The office holder no longer needed to be either an absconder or a drone, he could become, under newly fair and promising skies, a reformer, a doer of good, an expert in right thinking. Politics has survived in marvelous good health in our century because it has managed to "suck reform into the governmental orbit." The main business

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of the government is now reform, good works, uplift. And, unfortunately, such activities are almost invincible, their Achilles' heel nearly impossible of detection. Now, the civil servant is not only secure in a well-paid government job, but he offers himself to the world as "a prophet of the new enlightenment, a priest at a glittering and immense shrine." How can anyone in good conscience take out after him as one could after the old-time office holder? In the days of the spoils system one could say of the office holder that although he had done his share in electing the ticket, he was obviously a loafer and deserved no place at the public trough.

But what answer is to be made to his heir and assign, the evangelist of Service, the prophet of Vision? He doesn't start off with a bald demand for a job; he starts off with a Message. He has discovered the long-sought cure for all the sorrows of the world; he has the infallible scheme for putting down injustice, misery, ignorance, suffering, sin; his appeal is not to the rules of a sinister and discreditable game, but to the bursting heart of humanity, the noblest and loftiest sentiments of man. His job is never in the foreground; it is concealed in his Vision. To get at the former one must dispose of the latter. Well, who is to do it? What true-born American will volunteer for the cynical office? Half are too idiotic and the rest are too cowardly. It takes courage to flaunt and make a mock of Vision – and where is courage?[6]

Something to Sell

The bureaucrat twentieth century style thus has something important and valuable to sell. He is either an expert or a man with a vision – more likely both.

He is the fellow who enforces the Volstead Act, the Mann Act, all the endless laws for putting down sin. He is the bright evangelist who tours the country teaching mothers how to have babies, spreading the latest inventions in pedagogy, road-making, the export trade, hog-raising and vegetable-canning, waging an eternal war upon illiteracy, hookworm, the white slave trade, patent medicines, the foot and mouth disease, cholera infantum, adultery, rum. He is, quite often as not, female; he is a lady Ph.D., cocksure, bellicose, very well paid.[7]

The government thus becomes little more than a perpetuator of safe, convenient, and stereotyped ideas. The lady Ph.D. who dispenses information on infant care from some government office dispenses her wisdom not only with a sense of mission but from a position of almost unbelievable authority – the kind of authority once delegated only to archbishops. The public naturally believes that

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the lady Ph.D. reformer is not only knowledgeable in the extreme, but, because she is working for the government, *disinterested* as well. Government becomes in our time a mother lode of technological expertise and assumes oracular authority on the base of it – the very kind of oracular authority liberty-loving people would insist upon doing without.

Needless to say, Mencken rejects both of these assumptions about modern civil servants – that they are knowledgeable and that they are disinterested. Both are mistaken for the same reason. Government bureaucracies are nothing other than individual power and pressure groups, like similar power and pressure groups in the private sector of society, similarly seeking to push themselves above the others in importance and authority. If you have a Bureau of Narcotics, let us say, the people who run it are going to be subject to a struggle for power among competing agencies and competing viewpoints, and will tend to develop a missionary zeal, a pathological belief in the importance of "narcotics work." They become intoxicated, so to speak, with the value of this narcotics work, and can in no way detach themselves from their missionary zeal, and can thus exercise no independent judgment on their own activities, which is the same as saying that they are certain not to act intelligently on all matters of their own concern. To act intelligently one must be able to criticize one's own doings. Thus, when they pull for more and more power and recognition, we are foolish if we allow ourselves to be deluded into seeing it all as a search for truth and virtue; it is no more a search for truth and virtue than we could expect from the advertising department of a used car dealership.

Warring Factions

In short, what we get from a government bureaucracy is what we get from any other special-interest group – at worst, falsehood and deceit, at best, platitudes and half-truths. Actually, because of the multitude of reform or uplift factions in government in its twentieth century democratic form, what we get may actually be worse – it approaches a kind of mental unbalance or insanity since the various power groups cannot be easily reconciled; they tend to struggle and war against one another for hegemony. Let us consider an example from our own time rather than Mencken's. Since the appearance in the 1960s and 1970s of the ecology reform movement it is only natural that certain factions of the government

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should take up the crusade to clean up the environment. However, cleaning up the environment is expensive and is bound to come into conflict with other branches of the government committed to stemming the tide of inflation. What happens when two such factions meet in a collision course, as they are assuredly bound to do? How is it possible, for example, to reconcile the desire to conserve petroleum when the anti-pollution devices on automobiles bring about shocking increases in the consumption of gasoline? Of course these various demands result in conflict, a conflict which will invariably be carried on not in intelligent discourse but in a shouting or clamoring contest of a kind that is inevitable in a democracy, where the weaponry of the power groups is the weaponry of slogans, half-truths, simplistic formulas – the winner being the side which for the moment can successfully enflame the passions of the multitudes and cater to their immediate desires.

Even if it were theoretically possible to keep all the power centers of a democracy in check it becomes increasingly difficult to do so practically because in our time bureaucracy, agencies of government, have so proliferated that their very enormity prevents them from being held in check. There is no evidence in the twentieth century that any sector of the government has decreased in size, or, at least, no evidence that any bureau, department or office has willingly and without a struggle given up its authority and prerogatives. Every year some new area of reform can be expected to arise, but none of the old ones die. We now have agencies to police the safety in automobile manufacture, none of which existed in 1925 and were not perceived to be necessary. Similarly, we continue to have an unwieldy Agricultural Extension Service with an army of county agents prepared to advise the struggling farmer how to operate his tiny family farm at a profit at a time when the only farmers left are businessmen farmers who operate large farm corporations for big profits and know more about farm business and operation than the government agent himself. Why, then, can't we get the county agricultural agent to vanish into the mist of history? Well, obviously, because he has tenure, a strong grip on his position, he is secure in it and has no intention of giving it up without a struggle.

So it is with every branch of government. Far from being impersonal and toplofty as the public believes, every office holder has a very personal and private reason for being. Thus we are completely

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deluded when we believe that public servants are motivated by the common weal or the common good. "These men, in point of fact, are seldom if ever moved by anything rationally describable as public spirit; there is actually no more public spirit among them than among so many burglars or streetwalkers. Their purpose, first, last, and all the time, is to promote their private advantage, and to that end, and that end alone, they exercise all the vast powers that are in their hands."[8] (Always keep in mind that Mencken is not only talking about pecuniary interest; vested interests in *ideas* can be no less corrupting.)

Mencken's view of life under a democracy is thus a rather bleak and pessimistic one. He thinks that democratic man, in forsaking the ideals and duties of civil liberty, has committed himself to a kind of authoritarianism that is not really very different from that offered by the more outwardly authoritarian or totalitarian regimes of the world. He was also pessimistic in that he believed the present evangelical, Puritanical, reform-laden, expert-oriented form of government cannot be easily reversed, and he harbored no hope that it is possible to return to early American republicanism. But at times he was inclined to believe that democracy is a self-limiting disease, and that it is just possible that the disease may one day remit.

Mencken himself was a jovial and good-hearted man and he did point out that it is possible to offer one simple consolation to those who live in a democracy. Democratic government is a good form of national entertainment. The government pitches from one outlandish scandal or frenzy to another, and most of these can be the source of some amusement to the intelligent man. "Politics under a democracy consists almost wholly of the discovery, chase and scotching of bugaboos. The statesman becomes, in the last analysis, a mere witch-hunter, a glorified smeller and snooper, eternally chanting 'Fe, Fi, Fo, Fum.'"[9] It all makes a good show, and the show may lighten the heart, except in those hours when one cannot stifle the nostalgic dreams of what America might have been.

• Footnotes •

1 Henry L. Mencken, *Notes on Democracy*, New York: Alfred A. Knopf, 1926, p. 44.
2 *Ibid.*, p. 45.
3 *Ibid.*, p. 49.
4 Henry L. Mencken, *Prejudices, Fourth Series*, New York: Alfred A. Knopf, 1924, pp. 223-24.
5 *Ibid.*, pp. 230-31.
6 *Ibid.*, pp. 233-34.
7 *Ibid.*, p. 232.
8 *Ibid.*, pp. 224-25.
9 *Notes on Democracy*, p. 22.

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LEONARD E. READ

Time-Lapse Thinking

> Economics . . . is the science of tracing the effects of some proposed or existing policy not only on some *special* interest in the *short run,* but on the *general* interest *in the long run.*
>
> — Henry Hazlitt, *Economics in One Lesson*

MOST politico-economic policies in our time are in response to the demands of this or that special interest or pressure group, while the general interest is ignored. Further, the long-run effect is overlooked in order that short-run "gains" may be achieved. This is the road to disaster, and no turnabout is possible short of a greater reliance on time-lapse thinking. Let Walt Disney's demonstration explain what I mean by time-lapse thinking.

Disney planted a rose seedling and made a motion picture of its growth, flicking a single frame every day or so until the plant was mature and the rose had bloomed. When he showed this film on a screen at sixteen frames per second, we then witnessed the whole beautiful phenomenon – the unfolding of a rosebud – in a minute or two. Disney's time-lapse photography enabled us to experience an improvement in frequency perception; that is, the viewers were able to see the long-run effects of short-run causes. This is why I suggest the urgency of some time-lapse thinking.

While time-lapse photography and time-lapse thinking are similar in that each collapses time, there is an important difference. The former reduces the time between causes and effects that have already taken place; the latter requires that time be collapsed as related to future effects of present causes. True, no person has a crystal ball, nor could he read it if he had one. Yet, I believe there is a way of foreseeing what effects certain actions will have.

Carry this belief a step further. The easiest and perhaps the only

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way to be certain that a short-run action is a gain or loss is to discover what its long-run effects will be. Why? *There is no such thing as a short-run gain that is not also a long-run gain, and vice versa.* As Emerson wrote, "The end pre-exists in the means." It is axiomatic that constructive service of the individual's purposes or of the general interest can never emerge from destructive means. Thus, collapse time, resort to time-lapse thinking, to evaluate day-to-day actions.

No Future in It

To illustrate: Is thievery a short-run gain for the thief? Most thieves think it is or they would not steal. Having a stunted perception, they fail to realize that the loss in life-values far exceeds the gain in loot. Were the thief capable of time-lapse thinking, he would clearly see that a population of thieves would perish. The long-run effect would be disastrous; therefore, the short-run action – the means – is disastrous and evil.

Direct theft is practiced by comparatively few of the total population. Most people find it unnecessary to do time-lapse thinking to put thievery in its proper place. However, millions of these same people not only condone but participate in legal plunder, that is, they urge government to do the looting for them. They see nothing wrong with this; indeed, they regard the loot as a gain. Perhaps the only way for them to set their thinking straight is a resort to time-lapse thinking.

In a nutshell, let these millions project their practices into the future – everyone doing what the few are now doing, that is, everyone being paid for not working. Clearly, were there no work there would be no loot to take, nothing to plunder. As with thievery, all would perish. By the simple device of collapsing time, the future effect of their present actions would become obvious. Thus, living off others is not even a short-run gain. A few paltry dollars at the price of surrendering responsibility for self – the very essence of being – amounts to an enormous net loss.

A Total Loss

Many farmers get paid for not farming and regard the payments as gains. Apply this political nostrum to all productive activity, not only getting paid for not farming but getting paid for not generating electricity, not drilling for and refining oil, not making clothes and autos, and so on. Project such practices into the future and observe the self-evident consequences. Time-lapse thinking will reveal

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the fallacy; it will serve as an eye-opener, a needed shock treatment. All losses *now!*

Reflect on the businessmen who seek political protection against competition, domestic as well as foreign. Assume the universality of this craving for short-run *"gains" and then assess the fu*ture. What would be the economic picture? What would it look like? Ancient feudalism or medieval mercantilism or modern communism!

No need for more illustrations; a thousand and one could be cited. Time-lapse thinking not only is invaluable in deciding on sound economic policy but can be used to arrive at the correctness of present actions in all fields – education, religion, politics, or whatever.

From such thinking stems this helpful conclusion: fret not for the morrow, only for today. Why? Because the morrow is a life-style edifice structured from today's actions. Wrote Addison: "This is the world of seeds, of causes, and of tendencies; the other is the world of harvests and results and of perfected and eternal consequences." Thus, if today's actions are as right as one can make them, then the morrow is as good as it can be.

My gratitude to Henry Hazlitt for his philosophy, and to Walt Disney for his technology. I have merely strung their pearls of wisdom on a single thread.

IDEAS ON LIBERTY

Overlooking Secondary Consequences

IN ADDITION to these endless pleadings of self-interest, there is a second main factor that spawns new economic fallacies every day. This is the persistent tendency of men to see only the immediate effects of a given policy, or its effects only on a special group, and to neglect to inquire what the long-run effects of that policy will be not only on that special group but on all groups. It is the fallacy of overlooking secondary consequences.

In this lies almost the whole difference between good economics and bad.

HENRY HAZLITT, *Economics in One Lesson*

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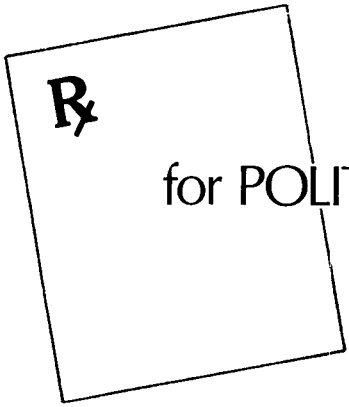

for POLITICAL PEACE:

A Quiet Internal Revolution

RIDGWAY K. FOLEY, JR.

THE MYTH that the United States enjoys a consensus sheltering its public men from violence during the electoral process shattered a decade ago in Dallas, Texas, when President John F. Kennedy fell under a hail of gunfire. Prior to that onslaught, the nation smugly prided itself on a distinction from violent neighbors where political disputes find settlement in firepower and plastic explosives. Yet in late November, 1963, a saddened and shocked nation gnashed its collective teeth and searched its collective souls for an explanation.

The succeeding years witnessed no slackening of excesses. A litany serves only to emphasize the dark and the macabre. Such diverse public personages as Senator Robert F. Kennedy, Rev. Martin Luther King, and Governor George C. Wallace have crumpled at the hands of equally diverse assailants who, for varying shadowy motivations, have determined that the nation (or their concept thereof) will best survive without their particular target. Add to this spectacle a host of attempts upon the lives of less well-known officials and a truly grievous problem confronts the perceptive observer and disturbs those who advocate the peaceful life.

The fable of unprecedented freedom from violence in the domestic politics of the United States suffers the malaise of disharmony with empirical fact. For starters, Presidents Lincoln, Garfield, and McKinley died violently in office, and numerous other chief executives, including both Presidents Roosevelt, provided targets for assassins. Murder of lesser officials pocks our history. While

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the first one hundred seventy-five years of our Republic did not completely resemble the reign of Lucretia Borgia, neither did it match the folktale of an extended peace. Perhaps the nation avoided the number of confrontations, kidnappings, and murders which permeated elections in Latin American nations, but its smugness ignored the existence of a very real problem.

A Plethora of Theories

Analysts have advanced various theories concerning the causes of attempts upon the lives of political men and potential cures for this miasma.

One school of thought explains we live in a violent age. Yet in truth, man has never been fully insulated from coercion practiced by his predatory neighbors. Although it may be destructive of our dreams, no one has witnessed Utopia.

Another school of thought, having recently discovered that not all men produce equally, attributes political violence to unrest bred by poverty.

This answer ignores the fact that the "poverty classes" constitute the real beneficiaries of the voluntary exchange market system. What passes for poverty in present-day America only slightly resembles the short, cluttered and brutish life in other nations and in other times. By this measure, if poverty breeds unrest and political violence, the present-day United States should bear witness to a peaceable life. Indeed, poverty seems notably absent from the lives of the best-known political assassins of recent vintage.

A third voice suggests that easy access to firearms results in harm to political men, and advocates implementation of strict "gun control" laws. These theorists overlook the fact that inanimate objects are never controlled – gun control really means *people control.*

Firearm control resides a short step away from other, more disturbing, types of controls normally associated with a totalitarian society. Furthermore, advocates of gun control cannot assure us that political bloodshed will cease if their views receive implementation. While the best-known political crimes of recent date have involved the use of firearms, reason does not restrict the terrorist to this means. Indeed, the use of explosives might not only accomplish the identical task but also slay numerous other persons who fortuitously happen to be in the vicinity. More pertinently, the criminally inclined seem unlikely to register their weapons, or to comply with other

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prophylactic norms; indeed, we can mainly count on them to secure guns illicitly when no one else discovers a source.

A fourth observer suggests stricter application of the criminal laws and, with varying degrees of reason and irrationality, the cry for "law and order" peals across the land. Stripped of excess verbiage, purveyors of this concept (which often amounts to a thinly veiled attack on the entire court system), suggest harsh penalties for those convicted of crime, more restrictive appellate procedures, and minimal emphasis upon the rights of an accused as embodied in the Federal Bill of Rights. Yet destruction of the rights of the criminally accused may result in final analysis in destruction of the liberties belonging to all of us.

A fifth suggestion advocates increased protection for political figures in their public appearances. History demonstrates that even a monumental undertaking, such as protection for the President of the United States, cannot guarantee success. How much greater the cost in energy and resources and how much greater the likelihood of failure if the community attempts to protect *each* public figure from all conceivable man-inflicted harm! If society cannot afford to safeguard each politician fully, how shall we choose which ones will be protected and which ones will be left to the mercies of attack?

Furthermore, this assertion suffers from a more fundamental malaise: ultimate protection for the political man further removes and insulates him from society at a time when too great a wall exists between electorate and representative. First, time and again, particularly at the local level, effective political campaigning demands maximum personal confrontation. More and more office seekers are ringing doorbells and haunting supermarkets, bringing their case to the constituency. Few are likely to forego what they believe to be a potent electoral tool for the sake of protection. Second, individuals in society feel a consuming and increasing sense of alienation from the political processes, a frustration and contempt for government and its apparatus. Greater insulation can only heighten this discontent.

Prescription for Political Peace: A Silent Internal Revolution

An antidote exists for the virulent strain of political slaughter rampant this past decade: individual freedom and a personal recommitment on the part of each of us to a belief in the sanctity of life. Each of the theories encoun-

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tered heretofore offers assistance in this endeavor, yet each suffers from inherent limitations. I propose that violence will diminish if we limit political force to the administration of common justice, the prevention of external aggression, and the sanctioning of internal uses of force and fraud, and if each of us, citizen and politician alike, will rededicate his life to this libertarian principle.

Man, a questing, acting, purposive being, is capable of voluntary association to improve his lot and that of his neighbors. He is likewise capable of banding together with his fellows to inhibit the voluntary action of other individuals. He is finite and mortal, capable of outward improvement but incapable of perfection because of his finiteness. He is set apart from other creatures by his ability to choose: to observe, measure, test, evaluate, and select from alternatives. Because of his finity and imperfection, man's nature possesses a dark side, a predilection to violence, a tendency which must be externally or internally stifled ere society degenerate into civil chaos.

The anarchist and the libertarian possess common grounds, but they split asunder regarding the propensity of man to violence. For example, one thoughtful editorial recently asserted:

Since any individual is utterly incapable of preventing another person from killing him, if the other person is really determined and is willing to bide his time, and since governments have proved themselves incapable of providing such protection, the only real protection we know of exists in the principle of non-provocation: that is, in trying to so live one's life that no one will want to harm us.

And that, may we further suggest, means relying on the voluntary market place, rather than government force.

But, it also means more. It means that, through a process of re-education, the peoples of the world must be shown that the people of a country and their government are not the same thing. So long as the faulty idea is generally held that peaceful people on the one hand, and their squabbling, bickering bureaucrats on the other, are one and the same entity, atrocities against peaceful, unoffending people, such as happened at Munich, will occur again and again.

If we want peace, if we want security from aggression, to the greatest degree possible in an imperfect world, we must break the mental chain that binds us to bickering governments and to the consequences of THEIR actions. Since that chain exists in the mind, it is in the mind where it will have to be broken; with ideas, never with force.

Let us, individual to individual, proclaim to the world that "Freedom is self control. No more. No less." No Arab grasping this truth could

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have acted as did the terrorists at Munich.[1]

The concept of nonprovocation[2] utterly fails in the presence of a terrorist or a bully – ask anyone who has tried to reason with such people – for man's shadowy nature may overcome.

The anarchist tenet crumbles under the philosophical hammer of Dr. Ludwig von Mises in "A Perfect System of Government" who succinctly puts the case:

> Government as such is not only not an evil, but the most necessary and beneficial institution, as without it no lasting social cooperation and no civilization could be developed and preserved. It is a means to cope with an inherent imperfection of many, perhaps of the majority of all people. If all men were able to realize that the alternative to peaceful social cooperation is the renunciation of all that distinguishes Homo sapiens from the beasts of prey, and if all had the moral strength always to act accordingly, there would not be any need for the establishment of a social apparatus of coercion and oppression. Not the state is an evil, but the shortcomings of the human mind and character that imperatively require the operation of a police power. Government and state can never be perfect because they owe their *raison d'etre* to the imperfection of man and can attain their end, the elimination of man's innate impulse to violence, only by the recourse to violence, the very thing they are called upon to prevent.[3]

On the other hand, the statist who looks to the government as the source of all problem-solving wisdom likewise misapprehends man's true nature. Like the anarchist, he views man as perfectible, as able to create Utopia or Heaven on Earth, if only the mass will emulate the social engineer. Yet the statist exhibits a certain ambivalence for he treats the average individual as unable to know his own mind – a consumer cannot rationally choose which brand of soup or soap to buy – yet when that same average individual comes to the polling place, he is suddenly qualified to choose the social architect who

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1 Grove, Cecil, "Let Us Break the Chain," Colorado Springs Gazette Telegraph (September 14, 1972).

2 See also, regarding non-provocation and the market response to violence, LeFevre, Robert, "Deducing to Morality," Ramparts College Newsletter (Santa Ana, California, December, 1972) stating the anarcho-capitalist view, see further, his provocative article "Justice on Trial," *Reason* (Vol. 3, No. 11) February 1972, page 18.

3 Mises, Ludwig von, "A Perfect System of Government," *The Ultimate Foundation of Economic Science* (Princeton, New Jersey: Van Nostrand, 1962) pages 94-101; reprinted in 22 The Freeman No. 12 (Foundation for Economic Education, Inc., Irvington-on-Hudson, New York, December 1972) 747-752, at pp. 749-750.

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will lead him from the wilderness. Of course, the statist never concedes that the leader derives from the mass and partakes of the identical finity and fallibility with his peers.

Because finite man possesses a violent nature, his appetite for violence must be curbed by the state. To this extent the answer of those who favor strict criminal law enforcement as a response to political violence appears meritorious, just as are the paeans of the apologists of the "violent age" argument, which recognize that a stated number of frustrated individuals will give vent to their distrust by violent action. Yet the very real frustration with political life and the beings which inhabit that world deserves consideration, for in that frustration and discontent may repose a partial reason for cruel attacks on political men. The solution: neutralize that frustration by restricting political action to its proper sphere: prevention and punishment of force and fraud, provision for the common defense and establishment of a system of justice whereby disputes may be fairly adjudicated. Leave the management of the rest of men's lives to each individual, giving free reign to creative powers in any direction chosen by free people seeking their own destiny. The twofold result: (1) an outpouring of creative energy, unpredictable in direction but in final analysis bound to produce the goods and services most desired by mankind, and (2) a release of tension and an inhibiting of the darker side of man as each person recognizes that he is no longer a mere pawn in the hands of superior forces lacking rights and control over his life, but rather possesses the ultimate obligation responsibly to live his own life and to seek his own ends. Concomitant with the latter result: a recognition that force or the destructive use of energy will not effectively gain desired ends and perception that free men can best secure their goals by willing exchange and peaceful human actions.

Wanted: A Reverence for Life

Respect for human life undergirds the freedom ideal. The libertarian concept of freedom derives from the belief that each individual has the right to self-determine his existence, to the extent permitted by his finite nature, absent any man-concocted restraints,[4] save those necessary to assure an equal right to every other person. Each man forms an

[4] See Read, Leonard E., "Justice Versus Social Justice," *Who's Listening?* (The Foundation for Economic Education, Inc., Irvington-on-Hudson, New York, 1973) 93 *et seq.* from whom I have borrowed this phrase.

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end in himself, not an object to be used or engineered by other beings possessing a monopoly of force. It is the acme of arrogance to suggest that A is better suited by nature, talent, or motivation to live B's life for him in even the most minute particulars. From this fundamental right we can discern the transcendent rights of liberty and property: a man cannot chart his life's course if he is not free to choose among the widest range of alternatives, and if he is not free to keep, donate, exchange or destroy the value (property) which he has created or acquired from others in willing exchange.

Contemporary society not only witnesses a gradual erosion of this reverence for life but also participates in that destruction. Elected representatives seriously considered legislation permitting what is euphemistically termed euthanasia or "mercy killing."[5] The right to life certainly encompasses the right of the individual to cling to, or to terminate, his own earthly existence; it cannot logically include the right to destroy another human being.[6]

Again, the judiciary has exhibited a singular ambivalence toward human life in recent years. How can one square the right to abort a human life[7] with the declaration that the death penalty constitutes cruel and unusual punishment in contravention of the eighth and fourteenth amendments?[8]

Political men must thus bear partial responsibility for their own condition. True, rational beings cannot justifiably destroy the life of a political figure. Nevertheless, when the victim participates in a system which denigrates human life, chains men to unwise policies, and panders to their base desires, he cannot escape the natural consequences of his acts, consequences which include the likelihood that some of *his* victims – men robbed of their liberty and essential humanity – will react violently toward his person. Thus a presidential candidate who sup-

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[5] The Oregon Legislative Assembly debated this measure: See (Oregon) Senate Bill 179 (1973) enacting a "Voluntary Euthanasia Act."

[6] Destroyers of life often overlook the axiom that each choice made by man in his lifetime is a moral choice, and that the actor must bear full responsibility for the consequences of his choices. He cannot improve his lot by the alibi that he acted under "legal sanction" or as part of a claque – moral principles break but do not bend, and evil is not less evil when performed by an association. See Harper, F. A. "Morals and Liberty," 21 The Freeman No. 7 (Foundation for Economic Education, Inc., Irvington-on-Hudson, New York, July 1971) 426, 430.

[7] See *Roe v. Wade*, U.S.,93 S.Ct. 705, 35L.Ed.2d 147 (1973).

[8] *Furman v. Georgia*, 408 U.S.238, 92 S.Ct. 2726, 33L.Ed.2d 346 (1972).

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ports the continuance of a system of conscription which recruits men to die in battle, a congressman who votes for looting the populace by subsidizing one group at the expense of another, or a senator who campaigns on divisive emotions in his community to secure election should not exhibit surprise when an assailant from the mass haunts them.

That Internal Revolution

A revolution need not be coercive or violent; the most effective ones take place in the hearts and minds of mankind, slowly, almost tediously, but with certainty.

Each of us, statesman and citizen alike, must partake in this quiet personal rededication to the principle of the sanctity of life and the postulate of freedom. Each must accept the fact that he bears full responsibility for the moral consequences of his choices. The statesman must respect the citizen's need for full responsibility for his life; the citizen must respect the statesman, who comes from the populace, as entitled to equivalent treatment.

How to effect this revolution from within forms a salient inquiry.[9] Generally, man may induce action by other men through two means: force and persuasion. The free man must discard force as a respectable alternative inasmuch as it denies the essence of the freedom philosophy.[10] I cannot force free choice upon you, for your liberty lies in choosing. It is a contradiction in terms to "force people to be free." Likewise, I cannot deny you the opportunity to assassinate a political figure by prior restraint consonant with a respect for individual liberty. I can only persuade you not to perform such a deed.

If persuasion provides the key, how can anyone of us effectively dissuade our fellow men from misdeeds? One can seldom substantially persuade another without two-way communication; the listener must desire to hear and must want to take action. Otherwise, according to the homily, "good advice falls on deaf ears." Preaching, ranting, raving, offer small effect. The answer – light a candle in yourself. Act as a free man, respectful of human life and

[9] A comprehensive analysis of the methodology of freedom reaches far beyond the scope of this essay which, by its nature, must be restricted to the most conclusory of statements. For those interested in the most exciting in-depth analysis of liberty's mode of growth, I respectfully suggest the writings of Leonard E. Read, e.g., Read, Leonard E., *Talking to Myself* (Foundation for Economic Education, Inc., Irvington-on-Hudson, New York 1970) 9 *et seq.*

[10] See Read, Leonard E., *Let Freedom Reign* (The Foundation for Economic Education, Inc., Irvington-on-Hudson, New York 1960) 78-86. See also Note 6 *op cit.*

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dignity in a world of illiberal darkness. Few of us truly conduct ourselves in harmony with these principles. We may utter the appropriate cliché and think the proper thoughts, but our actions belie our words and manifest a disrespect for the essence of life in others.[11] If your actions are meritorious, they will be emulated by others who see your light.

A slow and laborious process? To be sure, but it harmonizes with the principle underlying action — respect for the individual and his capacity to choose. Instead of concentrating on improvement of others, each of us must engage in that silent little revolution within, dedicating his life to improvement of self and understanding of man's amazing gift of free action and its concomitant responsibility. To the extent that each person in society achieves the ends sought in his personal revolution, limited only by his finiteness, political men will achieve personal safety.

[11] I discard my principles and demonstrate my disrespect for the right to life of my fellow man on every occasion when I seek to do good for him, or for someone else, with the property of my neighbor (without his consent), no matter how gracious or pure my motives. Likewise, I disparage the right to life of my colleague when I attempt to coercively order his life for his own good. These simple little predations, while possibly less odious than the felonious taking of life, in fact offer small copies of the same germ which infects the thinking of the political assassin. Remember Emerson's dictum: The end pre-exists in the means. It applies here, as elsewhere. See Read, Leonard E., *Let Freedom Reign*, Note 10, *op cit*, 78-86; Harper, Note 6, *op cit*.

IDEAS ON LIBERTY

The Value of Freedom

THROUGHOUT HISTORY orators and poets have extolled liberty, but no one has told us why liberty is so important. Our attitude towards such matters should depend on whether we consider civilization as fixed or as advancing. . . . In an advancing society, any restriction on liberty reduces the number of things tried and so reduces the rate of progress. In such a society freedom of action is granted to the individual, not because it gives him greater satisfaction but because if allowed to go his own way, he will on the average serve the rest of us better than under any orders we know how to give.

H. B. PHILLIPS, "On the Nature of Progress"

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the free-for-all society

GARY NORTH

FREE-FOR-ALL: what an image! It brings forth memories of childhood, with a mass of children running, yelling, leaping on top of each other — a chaotic mass of humanity, with "every kid for himself." Or it appears in the average American's mind as a barroom brawl, with slugging drunks, broken chairs and tables, bodies flying through the air. How many B-grade Westerns or 1944 military musicals have included in the second reel a fight between two guys in a bar, and as soon as three punches have been exchanged, fifty-four other men are slugging it out with each other in a mindless pandemonium?

Such nonsense may be all right for children or the fantasies of the late, late show, but how many of us would actually like to live our lives in a constant free-for-all? Not many, I suspect. Endless lawless chaos, endless pokes in the nose: it is not a pleasant prospect. Such a world would make it extremely difficult for men to plan, labor, produce, trade, or bring progress into the world. Leisure would disappear. In fact, the only way a free-for-all can exist, even for short periods of time, is for someone to subsidize it. It is no surprise that the free-for-all is associated with bawling children and brawling drunks. They are the only ones who can afford it. No society could long survive as a constant free-for-all.

Yet how many people today seem to regard the economy as a free-for-all? The ancient slogan of the socialists has been that nature is wholly abundant, but artificial human institutions and eco-

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nomic arrangements thwart the operation of nature's bounty. Production is "normal"; distribution is fouled. Therefore, all we need to do is tear down the artificial barriers to wealth. This was the vision of Marx and Engels, and it is alive and well in every society on earth, in spite of the fact that it is not always associated with Marx and Engels.[1] Marx and Engels did not invent the slogan; it has been around for as long as men have tried to appropriate the fruits of each other's labor.

Limitations of Nature

The premise is fallacious. Nature has limited capabilities for production. If we have learned nothing else from the ecology movement, we should have learned this. Nature's productive power is a thin veneer; most of nature's energy is expended in merely replacing what dies, day to day. It is man, with his wonderful gift of reason, which makes nature flourish. Man creates wealth, and this process is not free (gratuitous). It takes an expenditure of energy, capital, and time to make nature give up her fruits for the purposes of mankind. The problem is not distribution; the problem is always production. Production creates its own distribution; distribution does not create production. (The widespread distribution of nothing spreads mighty thin.)

It is because the premise of socialist redistribution is fallacious that a society of "free-for-all" economic goods would become one enormous free-for-all. Economic goods are scarce, that is, at zero price there is greater demand for them than supply of them. Prices are the sure indication of just how far we are from a free-for-all economy. Prices allow us to plan, evaluate our costs, make clear and responsible choices. They restrain our demands on nature and on each other. If there is anything in creation that is unlimited, it is our demands; everything else is restricted. So we live in a world of scarcity. But if we should try to abandon free pricing as our tool of allocation, what will replace it? State planning agencies? Votes? Guns? Fists? We would have ourselves a free-for-all in more ways than one. It would be every man for himself, like fifteen pups on an eight-nippled mother. We would be placing an economic premium on brawling instead of cooperation. Productivity, already limited, would fall even more. And nature, already overtaxed, would be exploited unmercifully – after all, if nature is totally abundant, men should force her to give up

[1] See my study of early Marxism, *Marx's Religion of Revolution* (Nutley, New Jersey: The Craig Press, 1968).

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her wealth. (Which is why the Soviet Union has such a disastrous pollution problem: Marshall Goldman, *The Spoils of Progress*, M.I.T. Press, 1972.)

Divided We Fall

Those who insist on voting themselves a piece of another's pie are thereby affirming their commitment to a free-for-all society. Minimum wage laws, price supports, graduated income taxation (sadly called "progressive"), tariffs, government-guaranteed loans, regulated industries: the list goes on and on. With every piece of new legislation, the brawling increases, as more people jump into the fray.

We can legislate ourselves into a free-for-all world. I would prefer to pay my money and take my choice. At least in these circumstances, what I see is what I get. In a free-for-all, one seldom gets even this much. What you don't see is what you get, such as a fist in the ear. Those who are productive tend to do poorly in slugfests, and those who are expert brawlers usually are not very efficient producers. A world of production can afford a few brawls, but a world of constant brawling starves.

IDEAS ON LIBERTY

Capitalism

KARL MARX completely rejected the only economic system on earth under which it is possible for the workers themselves to own, to control, and to manage directly the facilities of production. And shocking as the news may be to the disciples of Marx, that system is capitalism!

Here in America, ownership of our biggest and most important industries is sold daily, in little pieces, on the stock market. It is constantly changing hands; and if the workers of this country truly wish to own the tools of production, they can do so very simply.

They do not have to seize the government by force of arms. They do not even have to win an election. All in the world they have to do is to buy, in the open market, the capital stock of the corporation they want to own — just as millions of other Americans have been doing for many decades.

BENJAMIN F. FAIRLESS, *The Great Mistake of Karl Marx*

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PROFIT SHARING

PAUL L. POIROT

SO MYSTERIOUS is the process of profitably producing and marketing anything – say, a pair of shoes – that many persons are willing to believe it is accomplished by exploiting the customers, or the hired laborers, or perhaps both. In that case, their reactions may run in all directions but tend to follow three main channels:

1. *Profits should be shared with employees.*
2. *Consumers should organize as a cooperative in order to share the profits among themselves.*
3. *The government can do it cheaper because it doesn't have to make a profit.*

Actually, these are not three separate alternatives to the free market – the profit and loss arrangement under open competition and voluntary exchange; they are but three different aspects of compulsory collectivism.

To demonstrate why that is so requires careful analysis and understanding of the profit and loss features of the market process. And we start with the fact that numerous individuals are competing for possession and use of scarce and valuable resources. There simply isn't enough of any economic good or service to cover all the uses anyone might desire. So the problem is to use these resources as efficiently as possible, avoiding waste, and letting the willing customers judge what is efficiency and what is waste.

If the customer is to be the judge, this means that no seller can know precisely in advance what a given item may bring in the market. If he is a grower of potatoes, for instance, he knows

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there will be the costs of owning or renting a plot of land, a supply of seed potatoes, of fertilizer, of tools and labor for planting and cultivating and harvesting and preparing the potatoes for market. But he doesn't know precisely in advance the amount of each of these costs. He doesn't know what the weather will be; or how much of what quality crop the harvest may yield; or what customers will be willing to pay, for his potatoes in particular or for potatoes generally, at any given time during the marketing season. In other words, he is an *entrepreneur*, bidding for scarce and valuable resources for conversion to a product which he hopes customers will want at a price high enough to cover all costs, including his own labor and other investment, and still leave him a profit. If not, his is the loss.

In other words, profit is the reward willing customers accord an entrepreneur who efficiently uses scarce resources to satisfy their wants. And the amount of the profit, or loss, is never known until after the fact – after all the results of the production and marketing operation are complete, having been carried out in open competition with the producers and consumers of all other goods and services.

A moment's reflection must reveal how nebulous and uncertain a thing is entrepreneurial profit as thus identified. It reflects a man's superior skill at seeing and exploiting new or better opportunities to utilize resources to serve consumers – seeing a need and doing a job faster and better than others! For the moment competitors discover the opportunity and exploit it to any great extent, then the margin for profit will largely have disappeared. Then, perhaps one or a few of the most efficient competitors may still earn a profit; but most will only recover costs; and more and more will be driven by competition into the loss column or toward other lines of production. Thus is the opportunity for profit closed almost as rapidly as it appears in a competitive market situation; and in general it seems safe to say that more productive business activity merely breaks even (covers costs) or results in loss than yields an entrepreneurial profit.

What Kind of Profit?

Let it be clearly understood that we are not discussing here the terms *profit* or *loss* as customarily used in business accounting and measured by "the bottom line." What the XYZ Company reports as "profit" or "income after taxes" might possibly be made up in part of true entrepreneurial profit; but

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it most certainly consists in large measure of *interest,* for out of that "income after taxes" must come any return on a stockholder's investment. If he doesn't recover the going rate of interest – either in dividends or in added value of his share – his investment has yielded a loss in the sense that he might better have invested elsewhere.

So, when the idea of "profit sharing" is proposed, the thoughtful proponent surely can not be thinking of sharing the interest portion of returns to investors. If they can't earn interest, they'll abandon that investment and seek another repository for their savings – with the result that the employee's job disappears to the extent that he takes a share of the return that should have gone to the investors who provided the savings (the tools) upon which the job depends. Nor is this a consequence of some arbitrary decision rendered by a greedy capitalist – his determination to grind poor workers to the bone. On the contrary, the decision is rendered by consumers and their purchases – or their refusal to buy.

When all the facts are in, the consumers will have made known to the entrepreneur what profit, if any, his efforts have yielded. He will have been free to ignore the market, of course. He could have borrowed funds at twice the market rate of interest if he wanted to. Likewise, he could have paid two or three times the market wage rate to workmen. But it seems inconceivable that he could behave so magnanimously for very long without seriously depleting his personal savings and setting the stage for competitors to drive him out of business. "Good guys" aren't all that popular; consumers pay willingly for efficiency, but have to be coerced into paying for anything else.

Incentive Pay

The proposal to share profits with employees is often justified on grounds of the extra productivity men generate as a result of "incentive pay." That is a cogent argument; payment of workers on a piece-work basis was being practiced successfully long before "profit sharing" came into vogue. Indeed, this is the principle under which the "cottage industries" operated at the beginning of the industrial revolution, various jobs being "farmed out" for completion in the worker's home at so much per unit of product. In a sense, the worker in that case is his own entrepreneur; the more he produces, the more he earns. However, as production methods become more sophisticated, with more complicated and more expen-

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sive machines and assembly-line operations, cottage industries give way to the factory system and a tendency to pay workers by the hour rather than by the piece. Labor unions have encouraged the trend away from payment on a piece-work basis or incentive payments in general, despite protestations that union demands can and should be met out of company profits.

As previously suggested, where several companies have entered into competition in a given industry, producing the same or similar products, the likelihood is that only Company A – or a comparative few of those companies – will show any entrepreneurial profits that conceivably could be shared with workers or customers or investors. The greater number of competitors will barely yield the going market rate of return on investment, or even show a loss. (Bear in mind that one can never be certain just what portion of a company's "income after taxes" is strictly entrepreneurial profit and what portion is a necessary return to investors to induce them to leave their capital in that business.)

But if Company A is in a position to offer its workers a profit-sharing plan, then immediately the other competing companies would have to grant comparable wage increases or stand to lose employees to Company A. Obviously, some of the other companies would be driven out of business. The question then arises: Is Company A in a position to take on an uncertain number of additional employees and still offer its profit-sharing plan? If not, what becomes of those unemployed workers, except that they must tend to drive wage rates downward as they seek other jobs?

What Should Be the Price?

So, let us return to the basic premise of the market process: that numerous individuals are competing for possession and use of valuable resources. And the object is to determine *how scarce* and *how valuable! What should be the price* that most accurately reflects the supply-demand situation, leaving the ultimate choice to the consumer? In other words, we're discussing the role of business in a system of voluntary exchange, as distinguished from government regulation and control – compulsory collectivism.

Without market pricing, there is no reliable system of economic calculation or business accounting, no way for competitors to know how well each is doing. For instance, reconsider the potato grower. How is he to know whether to use more land, or more

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seed and fertilizer and tender loving care per acre, to produce potatoes most economically? He looks to the market prices of these various productive resources to help him to a decision – and perhaps prays for rain and a good crop.

Or, suppose a person is seeking a job. He will be interested in knowing what other workers are earning in that job or in similar lines of work. And, of course, prospective employers are continuously checking to see what wage rates are being paid by other employers for comparable jobs. Neither the prospective employee nor the prospective employer really wants to wait until the end of the year – or the end of a season when profits might be known – to find out what wage rate should have been paid. Each prefers to know what the market rate is *as of now*, a figure that enables him to say yes or no, to do business or not.

Will the job pay $3.00 an hour, or is it to be $2.50 now and a chance for a share of profits later – if the project shows a profit? What wages are other employers paying? How many other workers are on a cash wage, and how many are willing to wait for a share of profits? What is the market situation? What is the going price for labor? The fact is that the profit-sharing system affords no way to know the market price, no method of economic calculation or business accounting, no reasonable basis for reaching a business decision.

And this is true, not only of profit sharing with employees, but also of the consumer cooperative idea of profit sharing. Either way, were the practice made universal, the market would be unable to provide a firm price structure that could be used for business accounting and upon which business decisions could be based. From that predicament, it would be a very short step for some to press the conclusion that the government should make that decision – manage the business – whether or not it could show a profit. The problem is that there is no way to show a profit, or to know the cost, or to find any other basis for a business judgment, if the market is not allowed to perform its vital function of price determination.

Sharing with Government

Until now, we have been discussing the profit-sharing idea as proposed or applied within the so-called private sector – sharing with employees, or consumers, or investors. But as intimated earlier, these are merely phases of or steps toward government management and control of business –

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compulsory collectivism. Another way to look at it is from the viewpoint of *"profit sharing" with government* – and this is the real problem.

The trend is well established. Businesses must pay income taxes graduated to fall most heavily on any company that appears to be operating profitably. "Excess profits" are subject to special taxation. And graduated personal income taxes are designed to sop up any profit that otherwise might have leaked out of the business into the pocket of some individual. Meanwhile, various governmental relief and welfare programs operate to reward those individuals and business ventures that the market had designated as losers or failures because of their inefficient and wasteful performance.

Beyond all those tax and welfare interventions with business activities and market pricing is the most serious political disruption of all: government designation of what traders may use as "legal tender," the manipulation and control of money and credit—in a word, *inflation.* This is the ultimate in "profit sharing," the process by which governments claim title to scarce and valuable resources in defiance of all attempts by the market to channel the ownership and control of scarce resources into the hands of the most efficient users, the successful innovators and entrepreneurs, the ones who best serve the choices and desires of consumers. By its control of money and credit and its inflationary policies, the Federal government effectively closes the market and defeats the market function of price determination. Inflation disrupts the means of business accounting and economic calculation to the point that conscientious entrepreneurs are led into serious malinvestment and waste of scarce resources. When entrepreneurs are thus conditioned to rely upon government intervention for their opportunities to earn a profit, the market economy is foreclosed and the people doomed to serfdom under socialism.

What hope is there to avoid this course toward certain disaster? It depends on the willingness of individuals to understand that traders know best what they want to use as money, that "legal tender" laws hamper the market determination of prices, and that any form of profit sharing which rewards failure rather than successful business practice is license rather than liberty. Unless consumers are permitted to decide how much entrepreneurial profit goes to whom, there can be no free and prosperous commonwealth.

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Am I Responsible for What Others Think?

JUDY HAMMERSMARK

I REMEMBER a line in a famous Western movie, where the hero confronts the villain: "I am not responsible for what you think." Somehow, those words made an indelible impression; "I am not responsible for what others think," became ingrained as part of my philosophy. I was convinced that others' misconceptions were none of my business, none of my doing or responsibility.

As an American housewife, I cook, clean, tend children, prepare my family's meals. But I am more than a machine. As I go about my work, I think, formulate opinions about everyday and national and world affairs. Often, I think my reasoning is superior to that of men elected to Congress, those who are selected to be leaders. Common sense tells me when they are in error. Should I call attention to it?

Many of my friends and neighbors (even members of my family) who are benefiters of free enterprise have little understanding or appreciation of our system. Many bitterly condemn free enterprise. "Socialism," they say, "is inevitable, the wave of the future."

Is it? Is it actually superior to our way? Why then, I wonder, must we forever bail out the victims of socialism, as most recently in Russia and Red China when our country "sold" them millions of bushels of grains. Socialistic countries find it difficult to even feed their own.

Because of modern technology (the offspring of free enterprise) I am able to accomplish things a woman in a communist country would never dream of. Her spare moments are in the service of the state, reading only those books approved by her government, daring never to voice opinions contrary

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to those upheld by her "leaders." Freed by my conveniences, my dishwasher, my fully automatic washer and dryer, I am writing this. My spare time is spent in pursuit of my own happiness: reading, writing, marketing and selling the product of my leisure. This makes me an entrepreneur. I have a vital concern, therefore, in preserving free enterprise, which honors my creativity, my happiness. It becomes my concern when neighbors (through misunderstanding) vote against freedom. And since the majority rules, it becomes a duty to persuade others to act upon the principles of freedom.

Self-Defense

Is not self-preservation one of man's valid instincts? Have I not an obligation as well as a right to try to persuade friends and family to accept my way of thinking?

It is extremely difficult for me, an ordinary housewife, to convince others, to present my ideas logically and persuasively.

"Who does she think she is?" is a common reaction.

For example, my father-in-law is a carpenter of the old school. Born and reared in Norway, he learned his trade from highly skilled craftsmen. His talent is much in demand, and he is fit and capable of continuing work. But at age 65, he became eligible for social security. Now, he is limited in the number of hours he can work, the amount of income he can make, without endangering his government allotment. Consequently, he spends many idle hours, rejecting the generous bids of those who would like to buy his services.

Exposing fallacies and socialistic error is difficult, especially to members of my own family. Yet, if I would proclaim the merits of free enterprise, I must demonstrate to my father-in-law the myth of social security.

"Yes, but without social security, millions would starve." Would they? Many Americans recall the days before the passage of the Social Security Act, and it was indeed an era different from today. Families were closer knit, and neighbors cared about one another. Men and women remained productive as long as they were able to work. They kept busy and happy, and they saved for their retirement. I would guess that more old people now go hungry, with social security, than went hungry then without it. Many oldsters have developed the attitude, "Ah, I'll let Uncle Sam take care of me. No sense trying to save." And many youngsters conclude, "To heck with grandpa – he's got plenty to live on. Social security,

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you know!" Consequently, many of our aged are forgotten, alone, living off inadequate government funds.

Another fallacy came to my attention in conversation with a teacher friend. "Children," she stated, "are mostly unteachable." Instead of laying blame on mandatory government schooling she offered this solution: All parents ought to enroll their children in state day care centers by the age of two. Children would then be handled by competent experts, freed from bumbling, often inexpert parents, eliminating all behavior problems, thereby making this teacher's job easier.

What's Right With America?

My last 4th of July was a spiritless affair with friends and relatives who spent the day declaiming our American ways and building up the opposition. Misconceptions abounded. "Russia," one noted, "seldom has any crime. Not like we do in the United States."

"And they don't have problems with young people, not like we do," another joined in.

"You never hear of a Russian teenager smoking pot or taking L.S.D.," someone added. "And they don't have the unwed-mother problem or the venereal disease that we do."

My home town has given up the tradition of a parade and fireworks. Not one firecracker interrupted the humdrum conversation. Everyone seemed to have forgotten that the 4th of July had a meaning, and that it was Independence Day.

My family on this day was a prime example of complacency, fat and satisfied – eager for the luxuries afforded by a free economy, but just as eager to accept the guaranteed life. I remembered the 4th of Julys of my childhood. They were something! Patriotic speeches, watermelon, fireworks, flags everywhere. But not anymore.

"Would it be too corny," I thought, "to mention that our Founding Fathers believed that people might govern themselves?" They made only one guarantee – and that was freedom. And along with that went something called individual responsibility – the right to pick and choose, good or evil, the right to try and to succeed if one should. In those days, you built your own house (there was no government housing), you planted your own crops (or you didn't eat). Welfare? Social security? Those things were not promised in the Constitution. Those who refused to work might starve; but those who could not work were cared for by loving friends, the

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type of charity that came from the heart. It was an age of spiritedness.

I am their "little girl," a granddaughter, a wife, a mother, a washer of dishes, a changer of diapers. But more important, *I am an American.* Although my voice is weak, often faltering, I stand up. All eyes are turned to me. And I am shaking.

"Now just a minute," I begin...

The Sense of Duty Done

IDEAS ON LIBERTY

I HONOR ANY MAN who in the conscious discharge of his duty dares to stand alone; the world, with ignorant, intolerable judgment, may condemn; the countenances of relatives may be averted, and the hearts of friends grow cold; but the sense of duty done shall be sweeter than the applause of the world, the countenances of relatives or the heart of friends.

CHARLES SUMNER

Laws Follow Beliefs

IDEAS ON LIBERTY

THE GOVERNMENT of the United States (or of France or Russia or any other nation over a significant period of time) will be and do whatever most of the voters want or will tolerate. No mechanistic scheme or written document can ever for long prevent the effective minority (usually called the majority) of the people from doing whatever it is they want to do.

Thus, whenever the majority (that is, the effective minority) of the American people accept again the general philosophy that inspired the Constitution, we will return to the Constitution; not before. For while laws may reflect what people believe, it is the beliefs, *not* the laws as such, that generally determine their actions.

DEAN RUSSELL

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HENRY HAZLITT

Salute to Von Mises

SEPTEMBER 29, 1973, marked the 92nd birthday of Ludwig von Mises, the greatest analytical economist of his generation. He has also been one of this century's ablest champions of private enterprise and the free market.

Those 92 years have been amazingly fruitful. In conferring its Distinguished Fellow award in 1969, the American Economic Association credited Mises as the author of 19 volumes if one counts only first editions, but of 46 if one counts all revised editions and foreign translations.

In his late years other honors have come to Mises. He was made an honorary doctor of laws at Grove City College in 1957, an honorary doctor of laws at New York University in 1963, an honorary doctor of political science at the University of Freiburg in 1964. In addition, two *Festschriften* were devoted to him—*On Freedom and Free Enterprise* in 1956, containing essays in his honor from 19 writers, and *Toward Liberty*, a two-volume work published in 1971 on the occasion of his 90th birthday, with contributions from 66 writers.

But such honors, even taken as a whole, seem scarcely proportionate to his achievements. If ever a man deserved the Nobel Prize in economics, it is Mises. But in the few years of its existence, that award has gone to a handful of so-called "mathematical economists" – in large part, one suspects, because only a parade of unintelligible mathematical equations impresses the laymen responsible for finding laureates as being truly "scientific," and perhaps because granting it to economists primarily for their mathematical ability relieves the donors from seeming to take sides in the central political and economic issues of our time – the free market vs. government controls and "planning," capitalism versus socialism, human liberty versus dictatorship.

Ludwig von Mises was born on September 29, 1881, in Lemburg, then part of the Austro-Hungar-

Mr. Hazlitt's guest editorial commentary is reprinted here by courtesy of *Barron's National Business and Financial Weekly*, Oct. 1, 1973.

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ian Empire. He entered the University of Vienna in 1900, studied under the great Eugen von Böhm-Bawerk, and acquired his doctorate in law and economics in 1906. In 1909, he became economic adviser to the Austrian Chamber of Commerce, a post he held till 1934.

In 1913, following the publication of his *Theory of Money and Credit* the preceding year, he was appointed professor of economics at the University of Vienna, a prestigious but unpaid post that he also held for 20 years. His famous seminar in Vienna attracted and inspired, among others, such brilliant students as F. A. Hayek, Gottfried Haberler and Fritz Machlup.

In 1934, foreseeing the likelihood that Hitler would seize Austria, Mises left, advising his students to do the same. He first became professor of international economic relations at the Graduate Institute of International Studies in Geneva. In 1940, he came to the United States.

Mises was already the author of more than half a dozen books, including three masterpieces, but only one of these, *Socialism: An Economic and Sociological Analysis*, had been translated into English. So Mises was practically unknown here, and, as the fashionable economic ideology then was Keynesianism and its New Deal offspring, he was shrugged off as a reactionary.

Gaining an academic appointment proved difficult. Turning to books, he wrote *Omnipotent Government*, a history and analysis of the collapse of German liberalism and the rise of nationalism and Nazism. It was not until 1945 that he became a Visiting Professor at the Graduate School of Business Administration of New York University, a post he held until 1969.

His body of work is large and impressive. But we can confine ourselves here to considering two of his three masterpieces – *The Theory of Money and Credit*, which first appeared in German in 1912; *Socialism*, originally in German in 1922; and *Human Action*, which grew out of a first German version appearing in 1940.

Mises' contributions to monetary theory have been too numerous to list completely. For one thing, he succeeded in integrating the theory of money with the great body of general economic theory. Before him general economic theory and the theory of money were kept in separate containers, almost as if they were unrelated.

Mises also saw the fallacies in the proposals of the so-called monetarists, that "the price level" could or should be stabilized by government managers who increased the quantity of money by

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a certain percentage every year. He saw that inflation cannot be automatically controlled – that because of its changing effects on expectations, an increase in the quantity of money, in its early stages, tends to increase prices less than proportionally; in its later stages, more than proportionally.

Mises also rejected the simplistic concept of "the price level." He pointed out that increases in the quantity of money do not raise all prices proportionately; the new money goes to specific persons or industries, raising *their* prices and incomes first. The effect of inflation is always to redistribute wealth and income in ways that distort incentives and production, create obvious injustices, and enkindle social discontent.

Moreover, Mises presented in this book, for the first time, at least the rudiments of a satisfactory explanation of the business cycle. He showed that boom and bust were by no means inherent in capitalism, as the Marxists insisted, but that they did tend to be inherent in the monetary and credit practices prevailing up to that time (and largely since). The fractional bank-reserve system, and the support furnished by central banks, tend to promote the over-expansion of money and credit. This raises prices and artificially lowers interest rates, thus giving rise to unsound investment. Finally, for an assortment of reasons, the inverted pyramid of credit shrinks or collapses and brings on panic or depression.

Mises' *Socialism* is an economic classic written in our time. It is the most devastating analysis of socialism ever penned. It examines that philosophy from almost every possible aspect—its doctrine of violence, as well as that of the collective ownership of the means of production; its ideal of equality; its proposed solution to the problem of production and distribution; its probable operation under both static and dynamic conditions; its national and international consequences.

This is by far the ablest and most damaging refutation of socialism since Eugen von Böhm-Bawerk published his memorable *Karl Marx and the Close of His System* in 1898. It is more. Böhm-Bawerk confined himself mainly to an examination of Marx's technical economics. Mises scrutinized socialism in all its ugly aspects.

His outstanding contribution was to point out that socialism must fail because it is incapable by its very nature of solving "the problem of economic calculation." A socialist government does not know how to distribute its labor, capital, land and other factors of

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production to the best advantage. Since it does not know which commodities are being produced at a social profit and which at a social loss, it does not know how much of each commodity or service to plan for.

In short, the greatest difficulty to the realization of socialism, in Mises' view, is intellectual. It is not a mere matter of goodwill, or of willingness to cooperate energetically without personal reward. "Even angels, if they were endowed only with human reason, could not form a socialistic community." Capitalism solves this problem of economic calculation through money prices and money costs of both consumers' and producers' goods, which are fixed by competition in the open market.

On the basis of this single achievement, the late Oscar Lange, a Marxist economist who later became a member of the Polish Politburo, once proposed that future socialists erect a statue to Ludwig von Mises. Said Lange: "It was his powerful challenge that forced the socialists to recognize the importance of an adequate system of economic accounting to guide the allocation of resources in a socialist economy." Lange was at least brought to recognize the existence of the problem and thought he had solved it. In fact, the only way that socialists can solve it is by adopting the principles of capitalism.

Because it illustrates not only the cogency of his logic, but also the depth of his feeling, the power of his intellectual leadership, and the uncanny foresight with which he judged the course of events more than 40 years ago, I cannot forbear from quoting a passage from the last page of Mises' *Socialism:*

"Everyone carries a part of society on his shoulders; no one is relieved of his share of responsibility by others. And no one can find a safe way out for himself if society is sweeping towards destruction. Therefore everyone, in his own interests, must thrust himself vigorously into the intellectual battle. None can stand aside with unconcern; the interests of everyone hang on the result. Whether he chooses or not, every man is drawn into the great historic struggle, the decisive battle into which our epoch has plunged us."

As the eminent French economist Jacques Rueff once put it: "Those who have heard him have often been astonished at being led by his cogency of reasoning to places whither they, in their all-too-human timorousness, had never dared to go."

Dr. Mises died October 10, 1973.

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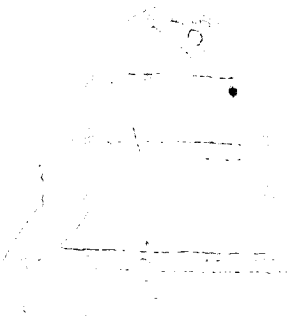

The Rebirth of Liberty

IN 1976, which is practically upon us, we'll be listening to all those bicentennial orations about the founding of our Glorious Republic. The whole business promises to be an orgy of hypocrisy. The politicians making some of the speeches will be fresh from legislative halls where the debates concern such things as price controls, land use acts, the dangers of sticking with a voluntary army, the need for more inflationary spending, the iniquity of capital gains even when reckoned in inflationary dollars, the necessity of taking money from the states before giving it back as revenue sharing, and the granting of power to quite unscientific men to tell us how many units of Vitamin A and Vitamin D we may swallow at breakfast.

There is a distinct possibility that the situation will call for a wake more than for a celebration. But there are some people around who still know what our forebears fought for in 1776, and what they intended when they wrote the Constitution and the Bill of Rights. One of these people is Clarence B. Carson, whose *The Rebirth of Liberty: the Founding of the American Republic 1760-1800* (Arlington House, $8.95) reminds us in quiet accents that it was the idea of limited government, not abstract democracy, that moved our ancestors to take the field against King George III and to write a basic document designed

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to keep unchecked majority rule from overriding inalienable individual rights.

Dr. Carson's book, which will be familiar to readers who have followed some of its separate sections in *The Freeman,* differs somewhat from such well-known works as John Fiske's *The Critical Period of American History* and Clinton Rossiter's *Seedtime of the Republic.* Where Fiske was mainly concerned with how the idea of a federal republic took hold of the minds of men during the "anarchy" of the Articles of Confederation years, and where Rossiter sought to explain the development of certain pre-Revolutionary War thought-processes that tried to combine pragmatism with idealism, morality, individualism and conservatism (they don't always go together), Carson takes a wider cut.

An Epic Span

He sees the period extending from 1760 to 1800 as an epic span. Before 1760 the separate American colonies had little to do with each other. Internal travel was difficult save by water, and the rivers, other than the Delaware, did not connect one important center with another.

The traditions were different: some colonies were proprietary, some had charters. Massachusetts leaned toward theocratic government, Virginia was Church of England, the Pennsylvanians, many of whom were Quakers who followed the Inner Light, were hospitable to various sects, Maryland was a haven for Catholics. New York, of course, was Dutch, and it was the Swedes who brought the log cabin to Delaware.

The trade routes ran across the Atlantic, not from colony to colony, and the trade itself was shaped to suit the ends of British mercantile philosophy. Dr. Carson makes the point that it was not mercantilism itself, hateful though it was, that roused the Americans; it was the idea of taxing them to support Crown monopolies and favored industries that were in trouble because mercantilism resulted in wars that had devastating commercial results. It was not until the British Parliament abandoned its old precedent and began to tax the colonists without consulting them that America started on the road to rebellion.

Dr. Carson is careful to describe the American Revolution as something quite different from the type of overturn that came in with the storming of the Bastille in Paris. Most Americans had always thought of themselves as Englishmen, and therefore entitled to all the immemorial rights stemming from Magna Carta and the development of the English common law. They read Coke and Black-

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stone and philosopher John Locke and considered themselves co-equals with all those Englishmen who had stayed at home. They had had their own experience of local government. Their allegiance was to the British King, not to the House of Commons, which, after all, was merely the local government of a distant island.

When King George III let them down by permitting his Parliament to impose taxes on them without representation, it was a sign that the British Crown had itself become revolutionary. So, as Peter Drucker observed some twenty-five years ago, 1776 signalled, not revolution, but a counterrevolution seeking a return to a conservative (or classically liberal) tradition. It was only after King George III and his ministers turned the "lobsterbacks" on the good people of Boston that American patriots began thinking of complete independence. Even then the idea of cutting the old ties came hard.

Unexpected Help

The colonists did not win their war unaided. They tried to finance it in the worst possible way, by printing scads of paper currency that gave rise to the saying "it's not worth a Continental." The terrain itself saved General Washington's ragged musketeers: British armies couldn't round up the necessary transport to meet the Americans in the farming back country. The Americans won by hanging on until the French entered the war and sent a fleet to help bottle up Lord Cornwallis's troops in Yorktown. Britain had to sue for peace in order to free herself to confront European realities: it was becoming too costly to take on France and Spain as well as the rebellious colonists.

Then the strangest thing happened: after fighting a war that could have been ended several years earlier if the horrifying inflation hadn't prevented General Washington from mobilizing the resources of the continent, the Americans proceeded to win a big victory at the peace table. Neither France nor Spain wished to see the British keep the territory that stretched from the Alleghenies to the Mississippi. Nor did the British wish to concede the so-called Northwest Territory to any continental European power. So, by adroit maneuvering, the American plenipotentiaries, Ben Franklin, John Jay and John Adams, managed to keep what is now our Middle West (along with Mississippi, Tennessee and western Kentucky) for the young nation.

Discounting what happened after the Spanish-American War, and the land-grabbing that gave

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us California, New Mexico and Arizona, the performance of Franklin, Jay and Adams is just about the only instance of successful post-war statesmanship in our history. If we had only had Franklin and his mates at Versailles and Yalta, the Twentieth Century would surely have been different.

Limited Government

After the peace of 1783 came the great weakness. The Founders remedied that by making an assiduous study of history and arriving at the conclusion that limited government, not raw majority rule, was needed to put free men to work establishing businesses, hacking farms out of the wilderness, sending traders to India and the China Sea, and putting steamboats on the Hudson and the Delaware. The American Dream was made possible because a few good and capable men had clung to the idea of liberty for the individual through a long period of trial.

Two centuries later we seem ready to throw it all away. Instead of limited government, we have centralized all sorts of power in Washington, D.C. Maybe Dr. Carson's book will help our modern Jamie Madisons and John Adamses stem the tide by abolishing "controls" and stopping inflationary government spending by 1976. But don't bet on it. What we need is to get Dr. Carson's thinking into our schools, and with "public education" being financed from Washington how are we to bring any such thing about?

▶ A THEORY OF JUSTICE by John Rawls (Cambridge, Mass.: Harvard University Press, 1971) 607 pp., $15.00.

Reviewed by: John Hospers

IT IS NOT OFTEN that a book of abstract philosophy is reviewed at length by virtually every philosophical journal in the English-speaking world, not to mention journals in sociology and political science as well as the popular press. *A Theory of Justice* by Professor John Rawls, chairman of Harvard's Philosophy Department, has received more pages of reviews, probably, than any book of philosophy since Wittgenstein's

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Philosophical Investigations in 1952. Though it is 600 pages long and far from a model of style or clarity, it has been heaped with praises from fellow philosophers and social scientists, and bids fair to represent "the wave of the future" in the area of political philosophy. The criticisms that have been made of it have been largely such as only fellow-philosophers can understand; for example, points in logic having to do with his mode of reasoning. But the premises from which he reasons have been much less questioned, and the consequences of Rawls' ideal of the just society if it were put into practice have been hardly considered at all. In these remarks I wish to emphasize these aspects of Rawls' theory.

What, according to Rawls, are the features of a just society? How will it be set up, and what factors will determine the distribution of the various goods that people desire? Rawls' answer is that right choices on all these issues are the choices a person would make if he were *impartial;* and the test of impartiality is what he would choose if he were shielded behind "the veil of ignorance" of his future situation in that society.

The Veil of Ignorance

Imagine a group of people newly landed on an island and about to frame a constitution and other rules regulating their behavior in relation to one another. Those who are engineers, let us say, would want to have high pay for engineers, and farmers would agitate for legislation to aid farmers; people of talent and imagination would wish a society that rewarded the talented and the imaginative, while those without talent would want to make sure that they could live off welfare checks paid for by people more talented than themselves. But now suppose, Rawls suggests, that no one knows what his role will be in the new society; he doesn't know whether he will be a farmer, a shopkeeper, or a scientist; he doesn't know whether he will be an employer or an employee, and so on; so he won't vote for conditions which favor one group against another, for fear that he would turn out to belong to one of the unfavored groups.

"But suppose he is a creative person, surely he'll favor the creative people more than the rest."

To circumvent such objections, Rawls makes his hypothetical individuals ignorant, not only of their particular role in society, but of their temperament, their age, their sex, even of the era in history in which they will live (else they might favor one era against another). If you don't

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know whether you will be male or female, you will not favor discrimination against women on the one hand or special favors for women on the other. If you don't know whether you will be black or white, you will not favor any kind of racism, lest you turn out to be among the persecuted group. Making your choices from behind the veil of ignorance, before you know any of the relevant facts about your own future situation, will ensure that you will not vote for favoritism to, nor discrimination against, any of these various groups. The "veil of ignorance" is a device intended to ensure impartiality of judgment in planning a political-social order.

A Mild Form of Socialism

Assuming everyone to be impartial along the lines just described, what kind of a society would each citizen, possessed of rationality and a knowledge of all the alternatives, but ignorant of all the particular facts about himself and his situation, choose as the just society? Roughly speaking, Rawls' just society turns out to conform to the ideals of a moderately left-leaning member of the Democratic Party.

Thus, there are certain "primary social goods" that every human being should have and no one should be deprived of: "rights and liberties, opportunities and powers, income and wealth" (p. 92). That these various factors could work heavily against one another is a problem not squarely faced in the book; for example, if everyone is to receive a basic income from the state, aren't the liberties and opportunities of those who have to support them severely curtailed? Indeed, it would seem that the "rights and liberties" are to be very restricted indeed, so much so that some of them, which many Americans believe to be of paramount importance in the life of our republic, will be virtually eroded away. For example, Rawls favors government ownership of some (but not all) of the means of production: the free market, he believes, is not just, and requires intervention by the state to correct it. Nor is he opposed to heavy taxation to support the indigent, and a large government bureaucracy over whose decisions one has no control.

But what does this do to the freedom to make one's own choices (and undergo the consequences thereof), and the right to retain the fruits of one's labor? If the state can expropriate the fruits of one's labor, for example, to the extent of 80 per cent tax on income, and use it for its own purposes which may be opposed to the purposes of those who have earned

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the money, one is in bondage to the state as truly, though not quite as totally, as the ancient slave was to his master. A state that preserves your life but makes you work for it nine months out of every twelve is one that has deprived you of the rights to determine by your own choices the greater part of the course of your life. Rawls is not a complete egalitarian, but he sets alarmingly few limits to the expropriative power of the state – with consequences for human liberty that lead us straight into 1984.

Welfarism

Rawls would have "the least advantaged" in a society receive a basic stipend from the state. Though it is barely mentioned, it is clear from whence this money is to come: the unproductive are to be supported at the expense of the productive, which inevitably means that there will be more and more unproductive, increasing in proportion to the degree that parasitism is made more attractive than productivity. In other words, we have Peter being robbed to pay Paul, via the political authority – and again the disturbing question arises as to what this does to the rights of the workers and producers.

In any case, the obvious question one wants to raise in this connection, in order to make a moral assessment of the situation, and which Rawls nowhere raises, is: *Why* are they unproductive, that is, in need of support by others? Here is a man who is sick and cannot work; here is a man who refuses to work although suitable jobs are available. They are both economically "disadvantaged," one through no fault of his own and the other because of his own conscious choice. Are they both to be treated alike, that is, supported by the state via taxation? Presumably Rawls' answer is yes, since they both lack income, though for different reasons. On this point the political theorists of the twentieth century have not taken Herbert Spencer's advice to heart, assuming as they do

> . . . that Government should step in whenever anything is not going right. It takes for granted, first that all suffering ought to be prevented, which is not true; much of the suffering is curative, and prevention of it is prevention of a remedy.
>
> In the second place, it takes for granted that every evil can be removed; the truth being that, with the existing defects of human nature, many evils can only be thrust out of one place or form into another place or form – often being increased by the change.
>
> The exclamation also implies the unhestitating belief . . . that evils of

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all kinds should be dealt with by the State. There does not occur the inquiry whether there are at work other agencies capable of dealing with evils, and whether the evils in question may not be among those which are best dealt with by other agencies. And obviously, the more numerous governmental interventions become, the more confirmed does this habit of thought grow, and the more loud and perpetual the demands for intervention. (*The Man versus the State*, 1884; reprinted Caxton Printers, 1940, pp. 34-35.)

If one is to discuss justice, one should surely take into consideration such observations and distinctions as Spencer makes. But Rawls, like most writers on political philosophy in our own century, fails to do so.

Inequalities Justified

Rawls is not an egalitarian; he holds that inequalities in income are justified as long as they increase (or do not decrease) the economic benefits to "the least advantaged" (disadvantaged for whatever reason). Suppose that the distribution of goods in a society (which for the sake of simplicity we shall take to consist of five persons only) is 6-6-4-4-4. Now an invention comes along which will enormously increase the standard of living, so that the resulting distribution becomes 50-50-40-40-3. Would it be justified? No, presumably the invention would have to be suppressed in spite of the great rise in the standard of living of almost everyone, because one person in the society is slightly worse off because of it.

For example, the automobile is invented, thousands of people are employed in the new industry, the public is happy to have rapid and inexpensive transportation via Model T Fords, and everyone is benefited except the manufacturer of buggy-whips, who once did a land-office business but is now out of work because of the new invention. Perhaps Rawls would say that the innovation is all right provided that the former buggy-whip-maker is supported on public relief. But even very handsome relief payments are not likely to equal the amount of money he was formerly making in manufacturing and selling buggy-whips. So he *is* genuinely a loser by the new technology. But even if his income is now 3 instead of his former 4 or 6, it would seem that Rawls would prohibit the new technological advance on the ground that at least one person, the buggy-whip-maker, was worse off than before the innovation occurred. I submit that if this is really his requirement, no major innovation would ever have occurred, from the dawn of history to the present,

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no matter how great its benefit to mankind, since there is always someone somewhere who is worse off because of it.

The Problem of Production

In general, Rawls – along with most other political philosophers of the twentieth century (e.g. Professor Nicholas Rescher in his two recent books, *Distributive Justice* and *Welfare*) – says a great deal about the *distribution* of goods and very little about how these goods are to get produced. The more you penalize productive people for their productivity, the less motivated they will be to produce, and the lower the standard of living is likely to become; why produce if one will only be taxed to death for conferring productive benefits upon the rest of society? This tendency to seize the goods of some in order to provide unearned goods for others (usually in order to buy votes), a tendency which grows with each election year, until (as its final outcome) everyone is in a state of splendidly equalized destitution, has been a main source of the decay of many past civilizations, and as far as I can see it would kill Rawls' civilization too; at least he takes no great precaution against it. [Cf., Isabel Paterson, *The God of the Machine* (New York: Putnam, 1943), the chapter entitled "The Humanitarian with the Guillotine"; F. A. Hayek, *The Constitution of Liberty* (University of Chicago Press, 1960), esp. Chapters 10-13; John Hospers, *Libertarianism* (Los Angeles: Nash Publishing Co., 1971), esp. Chapters 6 and 7; Murray Rothbard, *For a New Liberty* (New York, Macmillan, 1973), Chapter 8.]

Schemes of Redistribution

The complex schemes of distribution one finds in Rawls, Rescher, and others would be appropriate in only one context – that of a man who has earned his own money and is trying to decide how he shall apportion it, for example, in his will: shall he give it to all his children equally, or more to this one because he is more deserving and less to that one because he is a spendthrift, and more perhaps to this son who although not more deserving is paralyzed and can't fend for himself? Such a man might profit from reading Rawls and Rescher on how he could most justly dispense his bounty to others. But in the usual Rescherian context, that of the bureaucrat employed by the state, who sits in the Department of Health, Education and Welfare deciding how he shall spend money which has been taken (via the

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coercive machinery of the state) from some, in order to be allotted to others in accordance with his whims or the latest directive from his superiors, the thing becomes an Orwellian nightmare. The only advice to such a person would be: "Stop the robbery – the money isn't yours to spend in the first place. Give it back to the people from whom it has been stolen!"

Justice Between Generations

According to Rawls, there should also be "justice between generations" (pp. 293-98); no one generation should be preferred to any other. For example, the people in one generation should not use up all the sources of energy if this means that subsequent generations will have to do with less. Admittedly this is very difficult to determine: we may save on some resource now, only to find that the sacrifice was useless – because in the next generation some new source of energy is found which was not even thought of now. Rawls' "equality between generations" thesis prompts me to make a suggestion consequent upon the above: if, in the present generation, you take away from class A and give it to class B, the incentive of class A will be reduced, their morale will deteriorate and the productivity of class A will be hampered; and there will be nothing left to A to give to the members of class B – with the result that "splendidly equalized destitution" will already have been achieved by the next generation! Now, since justice, Rawls insists, is neutral as between generations, what about that next generation? Is it justly deprived and rendered poverty-stricken because of the lack of productivity bequeathed it by the present generation? It would seem that the features of Rawls' semi-statist political system, which is supposed to protect the next generation against the depredations of the present one, are more likely to ensure instead the deterioration of living standards via the gradual Sovietization of society by the time the next generation arrives.

Affluence Needed

The state-supported schemes of distribution of wealth, designed to make Rawls' society approach (though not reach) a state of complete economic equality are, as Rawls himself admits, possible only in a fairly affluent society. In a society in which no one can exist much above starvation level, even by grubbing for a living fifteen hours a day (as among some African tribes), no such system of publicly-sustained beneficence

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would be possible, since such beneficence can come only from a surplus of production, and when there is no surplus there is nothing to be beneficent with. Indeed, it seems clear to more than one observer of history that civilization has risen to its present level of affluence only by ignoring many of Rawls' requirements for a just society.

But what is one to say of a plan for society that may work (temporarily – until its built-in sops to egalitarianism kill it), once one has climbed up to the roof, so to speak, but cannot be used as a ladder for getting up to the roof, for the excellent reason that then one would never get there? The society Rawls envisions, so liberally sprinkled with the seeds of totalitarianism, so careless of the right to the fruits of one's labor that these fruits would be seized from him and left to the wasteful distribution schemes of power-hungry bureaucrats, is not one that a person, who wants to ensure his own long-term survival as a human being enjoying the continued benefits of civilization, would ever choose "from behind the veil of ignorance."

Professor Hospers of the University of Southern California School of Philosophy, is the author of *Libertarianism: a Political Philosophy for Tomorrow*, reviewed in the March 1972 FREEMAN.

▶ THE STRIKE-THREAT SYSTEM: THE ECONOMIC CONSEQUENCES OF COLLECTIVE BARGAINING by W. H. Hutt (New Rochelle, N. Y.: Arlington House, 1973, 290 pp.) $11.95

Reviewed by: Robert G. Anderson

ANOTHER economic fallacy has been effectively refuted by the scholarly analysis of W. H. Hutt in his most recent book. The false belief that unions exercising the threat of strikes upon employers improve the welfare of labor is analyzed thoroughly and the conclusion is obvious:

> the effect of wage rates determined under labor union pressure is to distort society's production structure, while it causes no redistribution whatsoever in favor of the poorer classes as such. . . . the system has all along been reducing the flow of real wages and the average of real wage rates. (pp. 6-7)

While the book primarily concerns itself with the economic consequences of the strike-threat in our labor market, it presents an equally devastating argument for the superiority of the free market in the determination of the wage rates of labor.

The book shows:

> that what we call "the market" provides the only conceivable means of

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achieving either orderliness and the elimination of coercive action in the process of human cooperation, or results which are regarded intuitively as "just" by the overwhelming consensus among free peoples. (p. 13)

At first this may all seem to be simply a restatement of free market arguments. However, Hutt's thesis does not concede the "right to strike," a matter on which most free market proponents are willing to yield.

Hutt argues:

To forbid strikes and boycotts would not be to restrain any basic human right. Every person would remain free to refuse to sell his assets, his products, and his services, when the refusal is not a breach of contract. That is, a person would retain his unrestrained right to prefer (a) to be employed by another, (b) to work on his own account, or (c) to enjoy leisure instead of pecuniary remuneration. But this right cannot be appealed to as justification for the *concerted* or the *simultaneous* refusal of a group of persons to continue to work in an industry, in a firm, or in a key position in an industry or firm. (p. 53)

The Hutt argument against the mass withdrawal of all workers is convincing. However, while he clearly demonstrates that such action can result only in a loss of welfare to the members of society, the dilemma arises in matters of implementation. Any "anti-strike" laws would be contrary to the tenets of the free market philosophy unless a clear breach of contract can be demonstrated.

In refuting John Stuart Mill's argument about the futility of striking, Hutt argues that strikes often *do* pay. But they "pay," I would argue, because laws protecting property are not enforced. The growth of the strike-threat system has come about because laws favoring unions have been implemented, and laws protecting persons and property have not been enforced.

The strike-threat is clearly the product of a collectivist mentality, and in all probability would be non-existent in an ideal free society. However, if individuals wish to pursue an action detrimental to their welfare (the *concerted* or the *simultaneous* refusal of a group of persons to continue to work in an industry), their freedom in pursuing such folly must be defended. Professor Hutt argues otherwise, and after a thorough reading of *The Strike-Threat System,* the reader should draw his own conclusions.

The analyses of labor's past and labor's share are extensively dealt with by Hutt. He lays to rest the popular notion that unions were once beneficial, showing that

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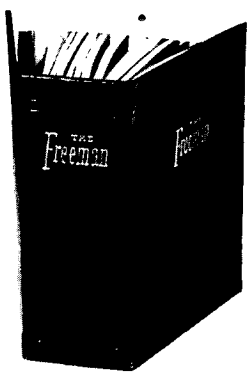
unions have always inflicted injustices and disrupted production. His chapters on the impact of unions on the total labor market are invaluable to the critic of union history.

One thing for certain, this book most certainly will become a classic for students of the free market philosophy examining the labor market. At long last a satisfactory volume exists for teaching the free market theory of labor economics. We all owe Professor Hutt our gratitude for filling this void in economic literature.



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THE FREEMAN — Volume 23, January-December 1973

Prepared by BETTINA BIEN GREAVES of the Foundation staff

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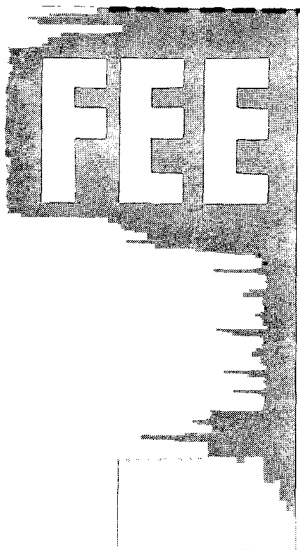

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